

to do with wringing concessions from the Bank of England and improving the existing system. The government proposed to the bank in 1823 that it consent to the creation of joint stock banks of issue at a distance of sixty-five miles from London, upon condition of the extension of the bank charter for ten years. This proposition was rejected, but the subject was revived after the dreadful panic of 1825. The time for the renewal of the charter was drawing nearer and the bank consented to the Act of 1826, establishing joint stock banks of issue beyond the radius of sixty-five miles from London and requiring the bank to establish branches. These joint stock banks were authorized to issue notes, but they were not to issue them within the prescribed distance nor to draw upon their London agents any bill of exchange payable on demand or for any less sum than £50. A sworn list of the shareholders and places for carrying on business was required of the new banking companies, but few restrictions were imposed as to their management, capital, or cash reserve.

Few joint stock banks were formed for the first few years after the Act of 1826, as the leading country bankers already had private banks and had no wish to set up powerful rivals. The Bank of England managers clung to the monopoly of banking in London, even after they had conceded freedom beyond the sixty-five mile radius, and begged Lord Althorp, when the charter was renewed in 1833, to insert a clause clearly preventing the formation of joint stock banks in the City. Lord Althorp, having obtained the opinion of the law officers of the Crown, in favor of the right to set up deposit banks, refused to impose new restrictions and tartly reminded the directors of the bank that the bargain was that their privileges should remain as they were,—not that they should be extended.¹ A clause was inserted in the Act of 1833, specifically declaring that any body politic or corporate or partnership might carry on the business of banking in London or within sixty-five miles thereof, provided they did

¹ Macleod, *Theory and Practice of Banking*, II., 384.